

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Multi-Year Equipment Plan

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Purpose

To outline guidelines for the development of a multi-year plan for equipment acquisition by the County by purchase, lease, and lease-purchase.

Background

In 1984, the County created the San Diego County Capital Asset Leasing Corporation (SANCAL) for the purpose of issuing debt instruments to finance County equipment and other capital needs. For 1984-85, SANCAL issued \$11.8 million in lease-revenue bonds to fund the acquisition of major and minor equipment items. In an interim report the 1984-85 County Grand Jury recommended that minor equipment items not be financed. \$1,000 is the maximum established as the County's current definition of minor equipment.

In response to this concern, the County no longer finances minor equipment items. Typically, the County will not finance an item if its cost is less than \$2,000 or its useful life is less than 3 years.

Currently, the CAO maintains current reports on all equipment lease debt-service schedules for planning purposes. This is especially useful so that budget appropriations can be reduced when debt-service obligations are due to expire.

Several County departments with significant equipment requirements prepare multi-year equipment plans to establish replacement criteria for fixed assets, and to help support the department's annual budget requests.

Policy

It is the policy of the Board of Supervisors that the following will apply:

1. Replacement Criteria: In developing their equipment plan, departments will document the specific replacement criteria used for recommendations on vehicles and non-vehicular equipment such as communications, electronic data processing, and other fixed assets. The replacement criteria will address both functional and technological obsolescence factors in order to develop a strategy to maximize the County's productive capacity.
2. Service Level and Savings Criteria: In general, the review of equipment priority will be based on the following factors:

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a. Savings which result in actual net reductions in budget appropriations; documented and approved redirection of department resources; and/or recovery of acquisition and financing costs in a relative short period of time.

b. Maintenance or enhancement of priority service levels.

Note: Proposed equipment which would result in intangible or undocumented improvement in department operations and use of resources will be given a relative lower priority.

3. SANCAL Review & Financing Criteria: Proposed lease-purchases will be reviewed by the SANCAL Board of Directors for a recommendation on debt-financing alternatives.

The SANCAL Board will periodically review the minimum costs and minimum service life criteria for financing equipment through SANCAL.

4. Implementing Procedures: The Chief Administrative Officer may establish detailed administrative procedures to implement this policy.

Sunset Date

This policy will be reviewed for continuance by 12-31-01.

Board Action

10-15-85(57)

7-26-88(43)

12-12-89(49)

6-05-90(43)

10-23-90(45)

12-18-90(50)

2-26-91(24)

4-23-91(32)

12-5-95(36)

CAO Reference

1.Chief Financial Officer/Auditor and Controller